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MONTANA STATE LOTTERY

REPORT ON
MONTANA CASH DRAWINGS

JUNE 30, 1999

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MONTANA STATE LOTTERY

REPORT ON
MONTANA CASH DRAWINGS

JUNE 30, 1999

Henry Fenton
Certified Public Accountant

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LEGISLATIVE AUDIT DIVISION

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John W. Northey, Legal Counsel
Tori Hunthausen, IT & Operations Manager

Deputy Legislative Auditors:
Jim Pellegrini, Performance Audit
James Gillett, Financial-Compliance Audit

August 1999

The Legislative Audit Committee
of the Montana State Legislature

Enclosed is the report on the audit of the Montana State Lottery Observations for the year ended June 30, 1999.

The audit was conducted by Henry Fenton, CPA, under a contract between the firm and our office. The comments and recommendations contained in this report represent the views of the firm and not necessarily the Legislative Auditor.

Sincerely,

Scott A. Seacat
Legislative Auditor

99C-03

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MONTANA STATE LOTTERY
COMMISSION MEMBERS AND ADMINISTRATIVE OFFICIALS
June 30, 1999

COMMISSION MEMBERS	RESIDENCE
Rebecca Erickson, Chairperson	Glasgow
Carol Thomas	Great Falls
Robert Crippen	Butte
Cliff Brophy	Columbus
Tom Keegan	Helena

ADMINISTRATIVE OFFICIALS

Gerald J. LaChere, Director

L. John Onstad, Director of Security

Leslie Darfler, Director of Operations

MONTANA STATE LOTTERY

INTRODUCTION

I performed the following agreed-upon procedures for the Montana State Lottery for the year ended June 30, 1999:

1) witnessing and reporting on all Montana Cash drawings;

2) examining all lottery drawing equipment prior to and after each drawing; and

3) testing compliance with applicable statutes and regulations.

BACKGROUND

The Montana State Lottery was created in November, 1986 by a referendum vote of the people of Montana. The "Montana State Lottery Act of 1985" rules and subsequent changes are contained in Chapter 669 of the Montana Session Laws and Title 23, Chapter 7, of the Montana Code Annotated. The general purpose of the law is to allow lottery games in which the players purchase from the State, through the administration of the state lottery, a chance to win a prize.

REPORTABLE OBSERVATIONS

In addition to the independent accountant's report on agreed-upon procedures, I am to report on serious inadequacies in operating controls and procedures, activities not authorized by the legislature, and my recommendations to the State and the Lottery. I have nothing to report in those areas.

HENRY FENTON
CERTIFIED PUBLIC ACCOUNTANT

1052 NORTH RODNEY
HELENA, MONTANA 59601-3578

TELEPHONE: (406) 449-6049

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

June 30, 1999

To the Commissioners
Montana State Lottery
Helena, Montana

I have performed the procedures enumerated below, which were agreed to by the Montana State Lottery and the Montana Legislative Audit Division with respect to the Montana Cash drawings of the Montana Lottery for the year ended June 30, 1999. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, I make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures were designed to review the applicable rules as developed by the Montana State Lottery to determine that such rules are adequate to insure:

All drawings are conducted in accordance with applicable rules and regulations.

All drawings are conducted in a secure, honest and fair manner.

The procedures I performed and my findings are summarized as follows:

1. I read the "Montana Cash Drawing Procedures". In performing this and other steps of my procedures, I gave consideration to the adequacy of controls over the drawing process.

2. I observed the unlocking of the machine cabinet and determined that the seals on the machine cabinet door, ball locker, and ball sets were unbroken and that the seals were numbered the same as the seals placed there when I was last present.

3. I observed the random selection of the primary and back-up drawing machines and the primary and alternate ball sets.

4. I observed the pre-drawing tests, recorded the results and determined that the applicable procedures were followed.

5. I observed the official "Montana Cash" drawings and determined that the applicable procedures were followed.

6. I observed the performance of the post-drawing tests, recorded the results and determined that the applicable procedures were followed.

7. I observed the resealing of the ball sets, ball locker and machine cabinet door.

I have furnished the Legislative Audit Division with a summary letter after each drawing stating that the Montana Cash drawings were performed and observed by me. The letters would include any unusual occurrences or deviations from the established rules and procedures.

No exceptions were found as a result of applying the above procedures.

I was not engaged to, and did not, perform an audit, the objective of which would be the expression of an opinion on the Montana Cash drawing procedures for the year ended June 30, 1999. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the Montana Lottery and the Montana Legislative Audit Division and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

Henry Fenton
Certified Public Accountant

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS
Year Ended June 30, 1999

The following Montana Cash drawings were held twice a week, Wednesdays and Saturdays, at Lottery Headquarters, Helena, Montana. The winning numbers were:

DATE	WINNING NUMBERS				
July 1, 1998	1	13	12	25	28
July 4, 1998	32	7	30	27	10
July 8, 1998	27	31	22	16	1
July 11, 1998	6	26	15	1	3
July 15, 1998	1	3	22	7	37
July 18, 1998	4	29	35	1	33
July 22, 1998	21	18	2	6	4
July 25, 1998	30	26	16	28	2
July 29, 1998	32	18	15	25	4
August 1, 1998	6	20	33	35	23
August 5, 1998	2	10	14	35	4
August 8, 1998	14	4	27	33	7
August 12, 1998	26	7	27	3	4
August 15, 1998	4	29	14	17	20
August 19, 1998	34	28	15	21	30
August 22, 1998	21	26	28	19	12
August 26, 1998	17	5	24	21	25
August 29, 1998	29	22	32	8	20
September 2, 1998	29	24	33	20	23
September 5, 1998	36	22	27	31	20
September 9, 1998	16	21	6	7	8
September 12, 1998	26	13	19	7	25
September 16, 1998	24	3	9	26	18
September 19, 1998	34	20	25	29	11
September 23, 1998	3	12	26	25	23
September 26, 1998	34	24	14	19	28
September 30, 1998	8	15	36	32	31
October 3, 1998	12	23	15	10	3
October 7, 1998	11	15	10	36	31
October 10, 1998	12	21	34	25	1
October 14, 1998	30	25	15	35	27
October 17, 1998	1	13	35	3	6
October 21, 1998	1	16	37	2	5
October 24, 1998	13	25	6	10	21
October 28, 1998	27	34	13	12	1
October 31, 1998	4	35	26	23	27
November 4, 1998	16	18	26	31	34
November 7, 1998	1	10	16	17	37

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)
Year Ended June 30, 1999

November 11, 1998	4	5	9	25	35
November 14, 1998	6	12	14	19	25
November 18, 1998	22	34	35	31	23
November 21, 1998	15	30	26	8	6
November 25, 1998	5	16	34	3	23
November 28, 1998	2	3	11	1	16
December 2, 1998	14	36	30	22	29
December 5, 1998	10	29	19	33	4
December 9, 1998	15	17	7	10	26
December 12, 1998	21	28	9	4	35
December 16, 1998	32	11	5	23	37
December 19, 1998	33	7	23	19	28
December 23, 1998	36	37	17	1	18
December 26, 1998	12	5	23	6	14
December 30, 1998	36	28	22	6	25
January 2, 1999	23	30	25	35	7
January 6, 1999	17	36	23	22	13
January 9, 1999	36	8	30	34	22
January 13, 1999	27	24	8	10	23
January 16, 1999	11	3	34	36	17
January 20, 1999	33	25	12	23	30
January 23, 1999	3	31	10	34	2
January 27, 1999	24	23	28	27	17
January 30, 1999	34	6	33	37	7
February 3, 1999	19	35	13	31	15
February 6, 1999	10	1	26	37	13
February 10, 1999	24	12	2	30	25
February 13, 1999	5	36	24	16	34
February 17, 1999	28	11	20	27	6
February 20, 1999	29	28	23	17	32
February 24, 1999	32	37	27	14	36
February 27, 1999	33	1	31	27	37
March 3, 1999	26	32	6	10	1
March 6, 1999	12	35	17	11	13
March 10, 1999	24	35	34	6	8
March 13, 1999	8	2	10	23	32
March 17, 1999	14	13	16	2	15
March 20, 1999	5	36	6	12	15
March 24, 1999	7	2	23	35	10
March 27, 1999	6	31	10	27	28
March 31, 1999	27	1	2	36	32
April 3, 1999	25	9	16	30	27
April 7, 1999	13	36	26	17	18
April 10, 1999	30	34	24	35	20

MONTANA STATE LOTTERY
STATEMENT OF MONTANA CASH WINNING NUMBERS (CONTINUED)
Year Ended June 30, 1999

April 14, 1999	29	9	6	13	37
April 17, 1999	32	36	13	1	33
April 21, 1999	28	22	3	29	5
April 24, 1999	2	34	26	22	19
April 28, 1999	11	31	36	26	28
May 1, 1999	34	15	1	8	6
May 5, 1999	8	25	6	29	24
May 8, 1999	21	31	30	26	23
May 12, 1999	9	33	4	21	15
May 15, 1999	35	36	31	25	32
May 19, 1999	14	11	35	27	1
May 22, 1999	29	24	6	26	21
May 26, 1999	3	35	28	4	1
May 29, 1999	17	6	28	3	33
June 2, 1999	26	30	31	15	22
June 5, 1999	4	26	24	11	32
June 9, 1999	11	14	33	5	13
June 12, 1999	2	32	12	36	4
June 16, 1999	18	5	35	8	22
June 19, 1999	9	29	4	32	6
June 23, 1999	17	32	30	25	19
June 26, 1999	4	24	28	11	14
June 30, 1999	1	26	32	24	27